

Testimony Presented by George A. Moroz  
President, Tourism Industry Coalition of Michigan (TICOM)  
to the  
Michigan House Tax Policy Committee  
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Room 519 House Office Building  
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Good afternoon Chairman Bieda and members of the Michigan House Tax Policy Committee. My name is George Moroz. I am the Special Assistant to the President and Senior Director for External Relations at The Henry Ford, and I am also privileged to serve as the president of TICOM—the Tourism Industry Coalition of Michigan. I hope that you are all familiar with The Henry Ford, *America's Greatest History Attraction*, and Michigan's leading cultural tourism destination site. TICOM is a statewide tourism organization whose mission is "*to promote Michigan's travel and tourism industry as a vital component of economic development and quality of life through governmental advocacy, public relations, and other promotional and educational efforts.*"

TICOM has a broad and diverse membership which includes: individual Convention and Visitor Bureaus throughout the state; Travel and Tourism publishing and advertising entities; and professional associations representing Michigan's RV Parks and Campgrounds, CVBs, Boating Industries, Festivals and Events, Golf Course Owners, Hotels-Motels and Resorts, Beds & Breakfasts, and Michigan's Snowsports and Snowmobile Industries, as well as Travel Michigan.

As evidenced by its membership list, TICOM is an umbrella organization for a wide variety of diverse and distinct tourism industry related interests. But despite that diversity and our respective parochial self-interests, we all share a strong common belief in the power of Michigan's tourism industry to significantly contribute to the state's economic vitality and viability.

Tourism in Michigan is both big business and small business. On an annual basis, the tourism industry generates \$17.5 billion for Michigan's economy. It also provides over \$970 million in State tax revenues and supports nearly 200,000 jobs. While those are big and impressive figures, please remember that the tourism industry in Michigan is also one in which many small "mom & pop" operations participate. And importantly, those small businesses, often keys to their respective local economies, are located in every county in the state.

I drove here from Dearborn today to do two things. First, I want to make sure that each of you is familiar with the basic facts of our industry that I just cited, and that you both understand and appreciate their significance to Michigan and, specifically, Michigan's economy.

My second reason for testifying today is to reiterate TICOM's strong opposition to the imposition of the 6% use tax on so-called luxury / discretionary services given the highly negative impact the imposition of this tax, as established in PA 93 of 2007, would have on various sectors of Michigan's tourism industry. Our reasons are as follows:

First and foremost, this extension of the use tax to tourism-related services will only diminish our industry's ability to sustain the positive and substantial contributions to the state's economy that I've just enumerated.

Secondly, while we recognize that the State had the constitutional responsibility to address the projected deficit in its FY2008 budget, and the greater—some might even argue, moral—responsibility to address the State's continuing structural deficit, and that some type of tax on services may well need to be part of a long-term solution to properly align the State's annual budgets with current and foreseeable economic growth realities, we believe that such a tax, if

demonstrably necessary, should be as broad-based as possible. The broader the base, the fairer the tax and the lower the rate can be.

Public Act 93 of 2007 clearly indicates many sectors of the growing service economy in Michigan have been exempted from the expanded tax, not because of their demonstrable contribution to Michigan's economic vitality, but because of the power of their lobbyists. If any exemptions are to be made, they should be made on rational, not political grounds. Instead, we now find ourselves in a situation that I've previously described in formal testimony as rivaling Alice in Wonderland for its illogic, one that, for example, will tax those who ski at Crystal Mountain in December, but not those who golf at Crystal Mountain in June. The calendar and climate should not dictate tax policy.

TICOM, its member organizations and citizens throughout this great state look to you and your colleagues, and expect you and your colleagues and those in the other chamber to work cooperatively and collaboratively to develop and support strategies that will lead to Michigan's economic recovery. In so doing, TICOM respectfully requests that Michigan's tourism industry's interests and its track record of contributing to Michigan's economy be recognized, promoted and supported in your deliberations and policy decision-making, rather than be stifled, diminished and penalized as they are in PA 93.

Thank you for your attention and consideration.